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**CITY OF DEQUINCY, LOUISIANA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2001**

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Release Date 4/10/02

CITY OF DEQUINCY, LOUISIANA

ANNUAL FINANCIAL REPORT
September 30, 2001

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CITY OF DEQUINCY, LOUISIANA

September 30, 2001

MAYOR

The Honorable L. A. Henagan

CITY COUNCIL

Mr. Lawrence Henagan
Mr. Malcolm Lyle
Ms. Denise Maddox

Mr. Charles Russell
Mr. Clarence Thomas

LEGAL COUNSEL

Mr. Adrian Cox

CITY CLERK

Ms. Tammy Pinder

McELROY, QUIRK & BURCH

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Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Martin L. Chehovsky, CPA, CFE
Robert M. Gani, CPA, MT
Tina Demarest Barrett, CPA, CVA
Mollie C. Broussard, CPA



Billy D. Fisher, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™

Charles P. Quirk, CPA, Retired
Otray J. Woods Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Judson J. McCann Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Honorable Mayor and City Council
City of DeQuincy
DeQuincy, Louisiana

We have audited the accompanying general purpose financial statements and the combining, individual fund, and account group financial statements of the City of DeQuincy, Louisiana, as of and for the year ended September 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of DeQuincy, Louisiana, as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of DeQuincy, Louisiana at September 30, 2001, and the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated November 13, 2001, on our consideration of the City of DeQuincy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of DeQuincy, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Way, Smith & Smith

Lake Charles, Louisiana
November 13, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

CITY OF DEQUINCY, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
September 30, 2001

<u>ASSETS AND OTHER DEBITS</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash	\$ 46,321	\$ 53,669	\$ 94,875	\$ -
Investments	93,627	128,472	-	-
Receivables	47,557	-	-	-
Other receivables	439	-	-	-
Notes receivable, current portion	-	-	38,648	-
Other assets	100,000	-	4,050	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments, at cost	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-
Notes receivable, due after one year	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
 Total assets	 <u>\$ 287,944</u>	 <u>\$ 182,141</u>	 <u>\$ 137,573</u>	 <u>\$ -</u>

Proprietary Fund Types <u>Enterprise</u>	<u>Account Groups</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Long-Term</u>	
	<u>Fixed Assets</u>	<u>Debt</u>	
\$ 160,252	\$ -	\$ -	\$ 355,117
948,205	-	-	1,170,304
135,933	-	-	183,490
-	-	-	439
88,612	-	-	88,612
27,236	-	-	65,884
117,631	-	-	221,681
98,722	-	-	98,722
5,327,325	2,653,585	-	7,980,910
157,393	-	-	157,393
-	-	137,573	137,573
-	-	989,138	989,138
<u>\$ 7,061,309</u>	<u>\$ 2,653,585</u>	<u>\$ 1,126,711</u>	<u>\$ 11,449,263</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS

September 30, 2001

(Continued)

<u>LIABILITIES AND EQUITY</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities:				
Notes payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	28,044	12,770	-	-
Employees' retirement payable	-	-	-	-
Other accrued liabilities	380	2,667	-	-
Due to other funds	206	21,950	4,050	-
Payable from restricted assets:				
Customer deposits	-	-	-	-
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Loans and notes payable	-	-	-	-
Total liabilities	<u>28,630</u>	<u>37,387</u>	<u>4,050</u>	<u>-</u>
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved for future loans	-	-	-	-
Unreserved:				
Designated for capital expenditures	-	-	-	-
Undesignated	-	-	-	-
Fund balance:				
Reserved for debt service	-	-	133,523	-
Unreserved:				
Undesignated	<u>259,314</u>	<u>144,754</u>	<u>-</u>	<u>-</u>
Total retained earnings/ fund balance	<u>259,314</u>	<u>144,754</u>	<u>133,523</u>	<u>-</u>
Total fund equity	<u>259,314</u>	<u>144,754</u>	<u>133,523</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 287,944</u>	<u>\$ 182,141</u>	<u>\$ 137,573</u>	<u>\$ -</u>

See notes to financial statements

Proprietary Fund Types <u>Enterprise</u>	<u>Account Groups</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Long-Term</u>	
	<u>Fixed Assets</u>	<u>Debt</u>	
\$ 60,818	\$ -	\$ -	\$ 60,818
86,560	-	-	127,374
2,822	-	-	5,869
1,817	-	-	1,817
195,475	-	-	221,681
98,722	-	-	98,722
-	-	70,000	70,000
1,283,356	-	1,056,711	2,340,067
151,467	-	-	151,467
<u>1,881,037</u>	<u>-</u>	<u>1,126,711</u>	<u>3,077,815</u>
3,648,218	-	-	3,648,218
-	2,653,585	-	2,653,585
171,621	-	-	171,621
100,000	-	-	100,000
1,260,433	-	-	1,260,433
-	-	-	133,523
-	-	-	404,068
<u>1,532,054</u>	<u>-</u>	<u>-</u>	<u>2,069,645</u>
<u>5,180,272</u>	<u>2,653,585</u>	<u>-</u>	<u>8,371,448</u>
<u>\$ 7,061,309</u>	<u>\$ 2,653,585</u>	<u>\$ 1,126,711</u>	<u>\$ 11,449,263</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended September 30, 2001

	Governmental Fund	
	General	Special Revenue
Revenues:		
Taxes	\$ 461,324	\$ 370,425
Licenses and permits	110,629	-
Intergovernmental	16,074	-
Charges for services	143,204	-
Fines and forfeits	49,060	-
Miscellaneous	44,324	27,258
Interest on investments	5,198	5,494
Grants	135,805	91,489
Total revenues	<u>965,618</u>	<u>494,666</u>
Expenditures:		
Current:		
General government	399,354	-
Public safety	473,526	-
Sanitation	148,826	-
Highways and streets	-	437,391
Culture and recreation	134,580	-
Debt service	-	-
Capital outlay	-	-
Total expenditures	<u>1,156,286</u>	<u>437,391</u>
Excess (deficiency) of revenues over expenditures	<u>(190,668)</u>	<u>57,275</u>
Other financing sources (uses):		
Operating transfers in	311,216	-
Operating transfers out	(55,675)	(4,264)
Total other financing sources (uses)	<u>255,541</u>	<u>(4,264)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	64,873	53,011
Fund balance at beginning of year	194,441	843,632
Equity transfer	-	(751,889)
Fund balance at end of year	<u>\$ 259,314</u>	<u>\$ 144,754</u>

See notes to financial statements

<u>Types</u>		<u>Totals</u>
<u>Debt</u>	<u>Capital</u>	<u>Memorandum</u>
<u>Service</u>	<u>Projects</u>	<u>Only</u>
\$ -	\$ -	\$ 831,749
-	-	110,629
-	-	16,074
-	-	143,204
-	-	49,060
-	-	71,582
2,897	-	13,589
-	128,688	355,982
<u>2,897</u>	<u>128,688</u>	<u>1,591,869</u>
-	-	399,354
-	-	473,526
-	-	148,826
-	-	437,391
-	-	134,580
225,363	-	225,363
-	133,446	133,446
<u>225,363</u>	<u>133,446</u>	<u>1,952,486</u>
<u>(222,466)</u>	<u>(4,758)</u>	<u>(360,617)</u>
224,114	-	535,330
-	-	(59,939)
<u>224,114</u>	<u>-</u>	<u>475,391</u>
1,648	(4,758)	114,774
152,618	4,758	1,195,449
<u>(20,743)</u>	<u>-</u>	<u>(772,632)</u>
<u>\$ 133,523</u>	<u>\$ -</u>	<u>\$ 537,591</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL-ALL GOVERNMENTAL FUND TYPES
Year Ended September 30, 2001

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 330,000	\$ 461,324	\$ 131,324
Licenses and permits	106,000	110,629	4,629
Intergovernmental	36,000	16,074	(19,926)
Charges for services	154,000	143,204	(10,796)
Fines and forfeits	25,000	49,060	24,060
Miscellaneous	7,900	44,324	36,424
Interest on investments	3,000	5,198	2,198
Grants	158,000	135,805	(22,195)
Total revenues	<u>819,900</u>	<u>965,618</u>	<u>145,718</u>
Expenditures:			
General government	398,900	399,354	(454)
Public safety	494,300	473,526	20,774
Sanitation	154,000	148,826	5,174
Highways and streets	-	-	-
Culture and recreation	141,200	134,580	6,620
Total expenditures	<u>1,188,400</u>	<u>1,156,286</u>	<u>32,114</u>
Excess (deficiency) of revenues over expenditures	<u>(368,500)</u>	<u>(190,668)</u>	<u>177,832</u>
Other financing sources (uses):			
Operating transfers in	421,150	311,216	(109,934)
Operating transfers out	-	(55,675)	(55,675)
Total other financing sources (uses)	<u>421,150</u>	<u>255,541</u>	<u>(165,609)</u>
Excess of revenues and other sources over expenditures and other uses	52,650	64,873	12,223
Fund balances at beginning of year	<u>194,441</u>	<u>194,441</u>	<u>-</u>
Fund balances at end of year	<u>\$ 247,091</u>	<u>\$ 259,314</u>	<u>\$ 12,223</u>

See notes to financial statements

<u>Special Revenue Fund Types</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 370,000	\$ 370,425	\$ 425
-	-	-
-	-	-
-	-	-
-	-	-
24,000	27,258	3,258
4,000	5,494	1,494
<u>90,000</u>	<u>91,489</u>	<u>1,489</u>
<u>488,000</u>	<u>494,666</u>	<u>6,666</u>
-	-	-
-	-	-
-	-	-
428,000	437,391	(9,391)
-	-	-
<u>428,000</u>	<u>437,391</u>	<u>(9,391)</u>
<u>60,000</u>	<u>57,275</u>	<u>(2,725)</u>
-	-	-
-	(4,264)	(4,264)
-	(4,264)	(4,264)
60,000	53,011	(6,989)
<u>91,743</u>	<u>91,743</u>	<u>-</u>
<u>\$ 151,743</u>	<u>\$ 144,754</u>	<u>\$ (6,989)</u>

CITY OF DEQUINCY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
Years Ended September 30, 2001 and 2000

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 1,676,170
Rent	4,875
Interest	6,906
Taxes	<u>430,425</u>
Total operating revenues	<u>2,118,376</u>
Operating expenses:	
Personal services	294,728
Natural gas purchased	1,064,051
Materials and supplies	28,815
Heat, light and power	14,162
Depreciation	191,138
Other services and charges	362,753
Bad debts	<u>47,658</u>
Total operating expenses	<u>2,003,305</u>
Operating income	<u>115,071</u>
Nonoperating revenues (expenses):	
Miscellaneous revenues and grants	298,207
Interest on investments	76,372
Interest and fiscal charges	<u>(70,721)</u>
Total nonoperating revenues (expenses)	<u>303,858</u>
Income before operating transfers	<u>418,929</u>
Transfers and other expenses:	
Transfers from other funds	59,940
Transfers to other funds	<u>(535,332)</u>
Total transfers and other expenses	<u>(475,392)</u>
Net (loss)	(56,463)
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduces contributed capital	<u>132,834</u>
Increase in retained earnings	76,371
Retained earnings at beginning of year	719,819
Net equity transfer	<u>735,864</u>
Retained earnings at end of year	<u>\$ 1,532,054</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 Year Ended September 30, 2001

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 115,071
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	190,898
Unrealized (gain)	(7,289)
Bad debts	47,658
Changes in assets and liabilities:	
(Increase) in accounts receivable	(75,937)
(Increase) in other assets	(27,196)
Increase in accounts payable	<u>38,245</u>
Net cash provided by operating activities	<u>281,450</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues and grants	298,207
Operating transfers in	59,940
Operating transfers out	(535,332)
Advances from other funds	89,397
(Increase) in customer deposits	<u>(2,772)</u>
Net cash (used in) noncapital financing activities	<u>(90,560)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(8,405)
Purchase of land	(20,000)
Note receivable	(144,000)
Equity transfer	21,222
Interest and fiscal charges paid	(70,721)
Loans made	(76,530)
Collections on note	38,230
Payments on notes and bonds	<u>(57,834)</u>
Net cash (used in) capital and related financing activities	<u>(318,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	76,372
Increase in investments	<u>92,983</u>
Net cash provided by investing activities	<u>169,355</u>
Net increase in cash and cash equivalents	42,207
Cash and cash equivalents:	
Beginning of year	<u>216,767</u>
End of year	<u>\$ 258,974</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
September 30, 2001

(1) Summary of Significant Accounting Policies

The City of DeQuincy, Louisiana was incorporated July 1, 1950 under the provisions of the Lawrson Act. The City operates under a Mayor-Council form of government, which took effect in 1991.

The accounting and reporting policies of the City of DeQuincy, Louisiana conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, the General Accounting Office's *Standards for Audits of Governmental Organizations, Programs, Activities and Functions*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and City Council of the City of DeQuincy, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with this criteria, the City of DeQuincy, Louisiana has no component units as of September 30, 2001.

NOTES TO FINANCIAL STATEMENTS

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds account for all financial resources segregated for the acquisition or construction of major capital projects.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO FINANCIAL STATEMENTS

ACCOUNT GROUPS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Asset Account Group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group. The City has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary fund is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet and fund equity consists of contributed capital and retained earnings. The operating statements for the proprietary fund presents increases or decreases in net total assets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Asset Account Group. The City has elected not to capitalize public domain ("infrastructure) fixed assets consisting of certain improvements including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

NOTES TO FINANCIAL STATEMENTS

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The City of DeQuincy has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB Opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the City Clerk submits to the Mayor and Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is conducted to obtain comments.

NOTES TO FINANCIAL STATEMENTS

4. Prior to September 30, the budget is legally enacted through passage of an ordinance.
5. Any revisions that alter total expenditures of any fund must be approved by the Mayor and Town Council. Expenditures cannot legally exceed appropriations on a fund level.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted, or as amended by the Mayor and Council.
9. Budgets are amended to remain in compliance with state law.

Encumbrance accounting is not used.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and state and national banks certificates of deposit.

Investments:

Louisiana state statutes authorize the City to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the Laws of Louisiana and national banks having the principal office in the State of Louisiana, investment as stipulated in R.S. 39:1271, or any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State of Louisiana and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at fair market value.

NOTES TO FINANCIAL STATEMENTS

F. Property Taxes

Property taxes levied in any one year are recognized as revenues of that year.

G. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

H. Fixed Assets

City of DeQuincy:

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Two hundred twenty thousand six hundred dollars (\$220,600) of fixed assets in the general fixed asset account group are stated at estimated historical cost. These costs were estimated based on price levels at the estimated date of acquisition.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Building and improvements	15-33 1/3 years
Leasehold improvements	10 years
Gas distribution system	10-25 years
Autos and trucks	3-5 years
Machinery and equipment	5-10 years

Depreciation recorded in the proprietary fund on fixed assets acquired with contributed capital from grants externally restricted for capital acquisitions and construction has been closed to contributed capital.

NOTES TO FINANCIAL STATEMENTS

I. Accumulated Unpaid Sick Pay and Vacation

City of DeQuincy:

There exists no liability for accumulated unpaid sick pay and vacation for the City of DeQuincy, Louisiana.

J. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Inventory

City of DeQuincy:

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. Such amounts are not material in relation to total assets.

NOTES TO FINANCIAL STATEMENTS

(2) Cash and Cash Equivalents and Investments

City of DeQuincy:

Cash and cash equivalents of the City are classified into three categories to give an indication of the level of risk assumed at year end. Category 1 includes deposits insured or collateralized with securities which are held by the City or its agent in the name of the City. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes uncollateralized deposits including any securities held by the financial institution, or by its trust department or agent, but not in the name of the City.

Cash:

The City of DeQuincy maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

The City's bank demand and time deposits at year end were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the City's name.

Balances at September 30, 2001 are as follows:

	Category			Bank Amount	Carrying Balance
	1	2	3		
Deposits	<u>\$ 248,092</u>	<u>\$ 293,962</u>	<u>\$ -</u>	<u>\$ 542,054</u>	<u>\$ 453,839</u>

NOTES TO FINANCIAL STATEMENTS

Credit risk categories:

The City's investments are categorized below in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1, which represents the lowest level of risk, includes investments and deposits that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with the securities held by the financial institution's trust department or agent in the City's name. Category 3, which represents the greatest level of risk, includes uninsured and unregistered investments or deposits which are not protected by collateral, or for which securities are not held in the City's name.

	Category				Fair
	1	2	3	Cost	Value
Investments:					
Certificates of deposit	\$ 200,000	\$ 47,812	\$ -	\$ 247,812	\$ 247,812
LAMP	-	-	-	809,524	809,524
U.S. Treasury securities	-	112,968	-	109,773	112,968
	<u>\$ 200,000</u>	<u>\$ 160,780</u>	<u>\$ -</u>	<u>\$ 1,167,109</u>	<u>\$ 1,170,304</u>

Investments:

Included in investments is \$809,524 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165 the investment in LAMP at September 30, 2001, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S.

NOTES TO FINANCIAL STATEMENTS

Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to highly liquid to give its participants immediate access to their account balances.

A reconciliation of cash and investments is as follows:

	<u>Balance Sheet</u>	<u>Carrying Amount By Category</u>
Balance sheet:		
Cash	\$ 355,117	\$ 355,117
Restricted asset	<u>98,722</u>	<u>98,722</u>
	<u>453,839</u>	<u>453,839</u>
Investments:		
Certificates of deposit	247,812	247,812
Louisiana Asset Management Pool, Inc.	809,524	-
U.S. Treasury securities	<u>112,968</u>	<u>112,968</u>
	<u>1,170,304</u>	<u>360,780</u>
	<u>\$ 1,624,143</u>	<u>\$ 814,619</u>

The market value is equal to the carrying amount of all investments.

(3) Ad Valorem Taxes

For the year ended September 30, 2001, taxes of 6.07 mills were levied on property with assessed valuations totaling \$10,929,690 and were dedicated for general corporate purposes. Total taxes levied were \$66,343.

Property taxes attach as an enforceable lien on property as of April 30. Taxes are levied on November 1.

NOTES TO FINANCIAL STATEMENTS

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows - City of DeQuincy:

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
Building	\$ 621,147	\$ -	\$ -	\$ 621,147
Improvements other than buildings	4,381,047	109,969	3,292,267	1,198,749
Equipment	303,194	6,972	47,000	263,166
Vehicles	570,523	-	-	570,523
Construction in progress	506,467	133,446	639,913	-
Total general fixed assets	<u>\$ 6,382,378</u>	<u>\$ 250,387</u>	<u>\$ 3,979,180</u>	<u>\$ 2,653,585</u>

A summary of proprietary fund types property, plant, and equipment at September 30, 2001 follows:

City of DeQuincy:

Land	\$ 48,950
Buildings and improvements	2,579,527
Gas distribution system	593,094
Autos and trucks	106,468
Machinery and equipment	224,177
Sewer system	<u>3,926,426</u>
Total	7,478,642
Less accumulated depreciation	<u>2,151,317</u>
	<u>\$ 5,327,325</u>

(5) Long-Term Debt

Summary of changes in long-term debt - City of DeQuincy:

	Balance 10-1-00	Additions	Retirements	Transfers	Balance 9-30-01
General long-term debt:					
Revenue bonds payable	\$ 2,573,854	\$ -	\$ 133,720	\$ (1,313,423)	\$ 1,126,711
Enterprise:					
Certificates of indebtedness-Series					
1995	240,053	-	43,137	-	196,916
Sewer bonds	-	-	14,695	1,313,423	1,298,728
	<u>\$ 2,813,907</u>	<u>\$ -</u>	<u>\$ 191,552</u>	<u>\$ -</u>	<u>\$ 2,622,855</u>

NOTES TO FINANCIAL STATEMENTS

Bonds and notes payable at September 30, 2001 are comprised of the following individual issues:

General obligation debt:

Revenue bonds:

\$500,000 Public Improvement Refunding Bonds, Series 1993 of serial bonds due in annual installments of \$20,000 to \$70,000 through 2002; interest at 4.05 to 6 percent	\$ 70,000
\$1,231,433 Utility Revenue Refunding Bonds Series 1998, single bond due in annual installments of \$438,861 to \$157,373 through 2001; interest at 7.20 percent. This bond was used to advance refund the \$1,257,856 Utility Revenue Refunding Bonds of 4-11-89	<u>1,056,711</u>
	1,126,711

Enterprise fund debt:

\$425,000 Certificate of Indebtedness Series 1995 due in quarterly installments of \$8,000 to \$13,500 through 2005; interest at 5.25%. These funds were used to purchase a building to be used for economic development	196,916
\$1,000,000 Sewer Revenue Bond, due in monthly installments of \$4,540, including interest at 4.5 percent. These funds were used to construct the sewer treatment plant	954,882
\$349,000 Sewer Revenue Bond, due in monthly installments of \$1,584, including interest at 4.5 percent. These funds were used to make improvements to the Westside sewer treatment facility	<u>343,846</u>
	<u>\$ 1,495,644</u>

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debt outstanding as of September 30, 2001, including interest payments of \$1,768,586, are as follows:

Annual Requirements to Amortize Long-Term Debt September 30, 2001

<u>Year Ending September 30</u>	<u>Revenue</u>
2002-06	\$ 1,434,417
2007-11	1,094,717
2012-16	367,468
2017-21	367,468
2022-38	<u>1,126,871</u>
	<u>\$ 4,390,941</u>

The amount of \$152,618 is available in the Debt Service Funds to service the revenue bonds.

(6) Dedication of Proceeds and Flow of Funds - 2% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the City of DeQuincy (2001 collections \$370,425; 2000 \$360,535) are dedicated as follows:

1. Provide funds for the maintenance of the City's streets.
2. Proceeds of the sales and use tax have been pledged and dedicated to the retirement of Street Public Improvement Bonds of 1967.

Proceeds of an additional 1% sales and use tax levied by the City of DeQuincy, effective December 1, 1983 (2001 collections \$370,425; 2000 \$360,535) are dedicated as follows:

1. Proceeds of the sales and use tax have been pledged and dedicated to the retirement of bonds and interest coupons to be issued for sewer improvements of the City.
2. Provide funds for the maintenance of the City's sewer system.

NOTES TO FINANCIAL STATEMENTS

Proceeds of a 1/2% sales and use tax levied by the City effective October 1, 1993 (2001 collections \$185,212; 2000 \$180,268) are dedicated as follows:

1. 58% of proceeds are dedicated to Police Department expenses.
2. 42% of proceeds are dedicated to Fire Department expenses.

(7) Individual Fund Interfund Receivable and Payable Balances

Such balances at September 30, 2001 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 100,000	\$ 206
Special Revenue Funds:		
Sales Tax Fund	-	21,950
Enterprise Funds:		
Gas Utility Revenue Fund	7,500	95,475
Sewer Utility Fund	110,131	-
Industrial Airpark Fund	-	100,000
	<u>\$ 217,631</u>	<u>\$ 217,631</u>

(8) Gas Utility Revenue Fund

During the year, the Gas Utility Revenue Fund purchased 1,357,110 cubic feet of natural gas, and sold 1,271,398 cubic feet. This leaves an unaccounted difference of 85,712 cubic feet, or 6.32% of the total amount of natural gas purchased.

At September 30, 2001 there were approximately 1,703 customers being served by the gas distribution system. The total amount of gas billed during the year was \$1,477,560, resulting in an average monthly bill of \$70.08 per customer. The gas rates being charged by the City at September 30, 2001 were as follows:

Residential

Net monthly rate:
 \$4.00 minimum charge
 83 cents per 100 cubic feet of gas used

NOTES TO FINANCIAL STATEMENTS

Commercial

Net monthly Rate:

\$4.20 minimum charge

83.10 cents per 100 cubic feet of gas used

Restricted Commercial and Industrial Gas Service

Net monthly rate:

\$5.665 per MCF for all deliveries; plus 5% MCF for leakage

(9) Equity Transfer

During the year ended September 30, 2001, the Sewer Maintenance Special Revenue Fund was transferred to the Sewer Revenue Enterprise Fund. The change resulted in an equity transfer to the Enterprise Fund of \$735,864.

(10) Retirement Commitments

Municipal Police Employees Retirement System

Plan Description. The City of DeQuincy contributes to the Municipal Police Employees' Retirement System, a cost-sharing multiple employer plan administered by the Municipal and State Police Employees' Retirement System of Louisiana. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The system is a state retirement system which was created to provide retirement benefits for full time municipal police officers in Louisiana, and state police officers hired after January 1, 1987. The system is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the board. Historical trend information for this plan is included in the separately issued report for the Municipal Employees' Retirement System for the period ended June 30, 1999.

Funding Policy. Plan members are required to contribute 7.5% of their annual covered salary and the City of DeQuincy is required to contribute at a statutorily determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the City of DeQuincy are established and may be amended by the Board of Trustees. The City of DeQuincy's contributions to the Municipal Police Employees' Retirement System for the year ended September 30, 2001 was \$26,627 and for the year ended September 30, 2000 was \$28,879, which was equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Municipal Employees' Retirement System

Plan Description. The City of DeQuincy contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employees' Retirement System, State of Louisiana. The Municipal Employees' Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement systems and which elected to become members of the system. The system is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the system with at least ten years creditable service, elected by the members of the system; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana. Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The City of DeQuincy is a member of Plan "A" of the retirement system. Historical trend information for this plan is included in the separately issued report for the Municipal Employees' Retirement System for the period ended June 30, 2000.

Funding Policy. Plan members are required to contribute 9.25% of their annual covered salary and the City of DeQuincy is required to contribute at a statutorily determined rate. The current rate is 5.75% of annual covered payroll. The contribution requirements of plan members and the City of DeQuincy are established and may be amended by the Board of Trustees. The City of DeQuincy's contributions to the Municipal Employees' Retirement System of Louisiana for the year ended September 30, 2001 was \$25,239 and for the year ended September 30 2000 was \$21,643, which was equal to the required contributions for each year.

(11) Litigation

The City is involved in several lawsuits. Outside counsel for the City estimates that potential claims against the City, which are not covered by insurance, would not materially affect the financial statements of the City.

NOTES TO FINANCIAL STATEMENTS

(12) Segment Information

The City's Enterprise Funds provide gas services to the residents of the City and surrounding immediate area, as well as airpark services. Operations accounted for in the Enterprise Funds are financed and operated in a manner similar to private business enterprises. It is generally intended that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Although certain of the City's enterprise operations have incurred historical net operating losses, it has been decided that periodic determination of revenues earned, expenses incurred and net income or loss realized is appropriate for capital maintenance, public policy, management control and accountability.

The table below reflects in a summarized format, the more significant financial data relating to the Enterprise Funds of the City of DeQuincy, Louisiana, for the year ended September 30, 2001:

	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Fund</u>	<u>Industrial Airpark Fund</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
Operating revenues	\$ 1,503,224	\$ 543,371	\$ 64,875	\$ 6,906	\$ 2,118,376
Depreciation expense	33,213	82,912	75,013	-	191,138
Net operating income (loss)	111,363	191,045	(146,269)	(41,068)	115,071
Net income (loss)	(141,243)	76,978	48,870	(41,068)	(56,463)
Property, plant and equipment, net	82,724	3,674,354	1,570,247	-	5,327,325
Property, plant and equipment additions	3,355	-	5,050	-	8,405
Net working capital	111,264	774,764	156,119	88,230	1,130,377
Total assets	436,691	4,478,264	1,974,733	171,621	7,061,309
Due from other funds	7,500	110,131	-	-	117,631
Due to other funds	95,475	-	100,000	-	195,475
Retained earnings	183,571	872,538	304,324	171,621	1,532,054

NOTES TO FINANCIAL STATEMENTS

(13) Changes in Contributed Capital

	<u>Industrial Airpark Fund</u>		<u>Sewer Utility Fund</u>	<u>Gas Utility Revenue Fund</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>
Balance at beginning of year	\$ 1,351,215	\$ 1,413,747	\$ -	\$ 15,417	\$ 20,417
Add addition during year	61,500	-	2,352,920	-	-
Less depreciation on fixed assets acquired by funds externally restricted for capital expenditures:					
Current year	<u>(68,138)</u>	<u>(62,532)</u>	<u>(59,696)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Balance at end of year	<u>\$ 1,344,577</u>	<u>\$ 1,351,215</u>	<u>\$ 2,293,224</u>	<u>\$ 10,417</u>	<u>\$ 15,417</u>

(14) Compensation of Mayor and Council

Salaries paid to the Mayor and Council during the year are as follows:

L. A. Henagan, Mayor	\$ 12,000
Lawrence Henagan	1,800
Malcolm Lyle	1,800
Charles Russell	1,800
Isaiah Buck	1,800
Denise Maddox	1,800
Clarence Thomas	-

(15) Cessation of Operations and Liquidation of Assets and Debts

The City of DeQuincy advertised for and received bids on December 15, 1998 regarding the sale of the Hospital. The City called a special election during 1999 and received the approval from voters to finalize any potential sale. The City accepted a proposal in the amount of \$2,400,000. The sale was closed on April 30, 2000, pursuant to approval by the Louisiana Attorney General. Operation of the hospital ceased on that date. Proceeds of the sale have been used to retire the hospital's debt.

(16) Excess of Expenditures Over Appropriations

Expenditures and other financing uses for the current year exceeded appropriations for the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
Sales Tax Fund	\$ 428,000	\$ 437,391	\$ (9,391)

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF DEQUINCY, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
September 30, 2001 and 2000

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash	\$ 46,321	\$ 41,246
Investments	93,627	68,633
Accounts receivable	47,557	-
Due from other funds	100,000	2,223
Loan receivable	<u>439</u>	<u>101,388</u>
Total assets	<u>\$ 287,944</u>	<u>\$ 213,490</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 28,044	\$ 17,120
Accrued expenses	380	1,588
Due to other funds	<u>206</u>	<u>341</u>
Total liabilities	28,630	19,049
Fund balance:		
Unreserved-undesignated (deficit)	<u>259,314</u>	<u>194,441</u>
Total liabilities and fund balance	<u>\$ 287,944</u>	<u>\$ 213,490</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 2001
With Comparative Actual Amounts for Year Ended September 30, 2000

	<u>2001</u>			<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Taxes	\$ 330,000	\$ 461,324	\$ 131,324	\$ 329,074
Licenses and permits	106,000	110,629	4,629	112,113
Intergovernmental	36,000	16,074	(19,926)	33,961
Charges for services	154,000	143,204	(10,796)	127,706
Fines and forfeits	25,000	49,060	24,060	36,605
Miscellaneous	7,900	44,324	36,424	72,493
Interest on investments	3,000	5,198	2,198	4,839
Grants	<u>158,000</u>	<u>135,805</u>	<u>(22,195)</u>	<u>86,633</u>
Total revenues	<u>819,900</u>	<u>965,618</u>	<u>145,718</u>	<u>803,424</u>
Expenditures:				
Current:				
General government	398,900	399,354	(454)	399,121
Public safety	494,300	473,526	20,774	522,707
Sanitation	154,000	148,826	5,174	153,881
Culture and recreation	<u>141,200</u>	<u>134,580</u>	<u>6,620</u>	<u>56,324</u>
Total expenditures	<u>1,188,400</u>	<u>1,156,286</u>	<u>32,114</u>	<u>1,132,033</u>
(Deficiency) of revenues over over expenditures	<u>(368,500)</u>	<u>(190,668)</u>	<u>177,832</u>	<u>(328,609)</u>
Other financing sources (uses):				
Operating transfers in	421,150	311,216	(109,934)	363,946
Operating transfers out	<u>-</u>	<u>(55,675)</u>	<u>(55,675)</u>	<u>-</u>
Total other financing sources (uses)	<u>421,150</u>	<u>255,541</u>	<u>(165,609)</u>	<u>363,946</u>
Excess of revenues and other financing sources over expenditures and other uses	52,650	64,873	12,223	35,337
Fund balance at beginning of year	<u>194,441</u>	<u>194,441</u>	<u>-</u>	<u>159,104</u>
Fund balance at end of year	<u>\$ 247,091</u>	<u>\$ 259,314</u>	<u>\$ 12,223</u>	<u>\$ 194,441</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2001
With Comparative Actual Amounts for Year Ended September 30, 2000

	<u>2001</u>			<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
General government:				
Personal services	\$ 113,350	\$ 120,623	\$ (7,273)	\$ 130,672
Supplies	9,500	15,622	(6,122)	12,732
Other services and charges	276,050	262,459	13,591	254,507
Capital outlay	-	650	(650)	1,210
Total general government	<u>398,900</u>	<u>399,354</u>	<u>(454)</u>	<u>399,121</u>
Public safety:				
Police:				
Personal services	344,000	362,248	(18,248)	390,353
Supplies	1,800	3,775	(1,975)	766
Other services and charges	98,800	71,269	27,531	62,647
Capital outlay	<u>20,000</u>	<u>11,705</u>	<u>8,295</u>	<u>40,527</u>
Total police	<u>464,600</u>	<u>448,997</u>	<u>15,603</u>	<u>494,293</u>
Fire:				
Personal services	12,000	9,708	2,292	13,825
Supplies	4,500	2,472	2,028	-
Other services and charges	<u>13,200</u>	<u>12,349</u>	<u>851</u>	<u>14,589</u>
Total fire	<u>29,700</u>	<u>24,529</u>	<u>5,171</u>	<u>28,414</u>
Total public safety	<u>494,300</u>	<u>473,526</u>	<u>20,774</u>	<u>522,707</u>
Sanitation:				
Other services and charges	<u>154,000</u>	<u>148,826</u>	<u>5,174</u>	<u>153,881</u>
Culture and recreation parks:				
Personal services	2,000	15,116	(13,116)	8,315
Supplies	-	225	(225)	-
Other services and charges	14,200	11,414	2,786	10,728
Capital outlay	<u>125,000</u>	<u>107,825</u>	<u>17,175</u>	<u>37,281</u>
Total culture and recreation parks	<u>141,200</u>	<u>134,580</u>	<u>6,620</u>	<u>56,324</u>
Total expenditures	<u>\$ 1,188,400</u>	<u>\$ 1,156,286</u>	<u>\$ 32,114</u>	<u>\$ 1,132,033</u>

See notes to financial statements

SPECIAL REVENUE FUNDS

Sewer Maintenance Fund - revenues for maintenance of the sewer system in prior years have been derived mainly from collection of a special tax upon property located within the City. This tax was not renewed by vote of City officials on September 4, 1978. A one percent sales tax was passed October, 1983 by the City of DeQuincy. The tax is dedicated to retire debt incurred to improve the City's sewer system. A sewer user fee is also accounted for in this fund and is dedicated for the maintenance of the sewer system. The Sewer Maintenance Fund was transferred to Sewer Utility Enterprise Fund as of November 1, 2000.

Sales Tax Fund - to account for the maintenance of the City's streets. Financing is provided by a one percent sales tax.

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
September 30, 2001

<u>ASSETS</u>	Sewer Maintenance Fund	Sales Tax Fund	<u>Totals</u>	
			2001	2000
Cash	\$ -	\$ 53,669	\$ 53,669	\$ 179,501
Accounts receivable	-	-	-	24,976
Investment	-	128,472	128,472	711,259
Due from other funds	-	-	-	71,841
Total assets	<u>\$ -</u>	<u>\$ 182,141</u>	<u>\$ 182,141</u>	<u>\$ 987,577</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ 12,770	\$ 12,770	\$ 126,467
Accrued expenses	-	2,667	2,667	4,042
Due to other funds	-	21,950	21,950	13,436
Total liabilities	-	37,387	37,387	143,945
Fund balance:				
Unreserved-undesignated	-	144,754	144,754	843,632
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 182,141</u>	<u>\$ 182,141</u>	<u>\$ 987,577</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended September 30, 2001
With Comparative Totals for Year Ended September 30, 2000

	Sewer Maintenance Fund	Sales Tax Fund	Totals	
			2001	2000
Revenues:				
Taxes	\$ -	\$ 370,425	\$ 370,425	\$ 772,105
Sewer user fee	-	-	-	165,672
Interest earned	-	5,494	5,494	41,207
Grants	-	91,489	91,489	144,096
Miscellaneous	-	27,258	27,258	16,905
Total revenues	<u>-</u>	<u>494,666</u>	<u>494,666</u>	<u>1,139,985</u>
Expenditures:				
Sanitation	-	-	-	273,107
Highways and streets	-	437,391	437,391	489,599
Total expenditures	<u>-</u>	<u>437,391</u>	<u>437,391</u>	<u>762,706</u>
Excess of revenues over expenditures	-	57,275	57,275	377,279
Other financing sources (uses):				
Operating transfers in (out)	<u>-</u>	<u>(4,264)</u>	<u>(4,264)</u>	<u>(297,031)</u>
Excess of revenues and other sources over expenditures and other uses	-	53,011	53,011	80,248
Fund balance at beginning of year	751,889	91,743	843,632	763,384
Equity transfer to Enterprise Fund	<u>(751,889)</u>	<u>-</u>	<u>(751,889)</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 144,754</u>	<u>\$ 144,754</u>	<u>\$ 843,632</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS
SEWER MAINTENANCE FUND

COMPARATIVE BALANCE SHEET
September 30, 2001 and 2000

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash	\$ -	\$ 34,623
Investments	-	628,986
Accounts receivable-net	-	24,976
Due from other funds	-	<u>71,841</u>
Total assets	<u>\$ -</u>	<u>\$ 760,426</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 6,524
Accrued expenses	-	<u>2,013</u>
Total liabilities	-	8,537
Fund balance:		
Unreserved-undesignated	-	<u>751,889</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 760,426</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS
SEWER MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 2001
With Comparative Actual Amounts for Year Ended September 30, 2000

	<u>2001</u>			<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 360,535
Sewer user fee	-	-	-	165,672
Investment income	-	-	-	35,558
Grants	-	-	-	25,000
Miscellaneous	-	-	-	4,143
Total revenues	-	-	-	590,908
Expenditures-sanitation:				
Personal services	-	-	-	108,293
Materials and supplies	-	-	-	19,151
Other services and charges	-	-	-	90,424
Capital outlay	-	-	-	55,239
Total expenditures	-	-	-	273,107
Excess of revenues over expenditures	-	-	-	317,801
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	(297,031)
Excess of revenues and other sources over expenditures and other uses	-	-	-	20,770
Fund balance at beginning of year	751,889	751,889	-	731,119
Equity transfer to Enterprise Fund	(751,889)	(751,889)	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,889</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

COMPARATIVE BALANCE SHEET
September 30, 2001 and 2000

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash	\$ 53,669	\$ 144,878
Investments	<u>128,472</u>	<u>82,273</u>
Total assets	<u>\$ 182,141</u>	<u>\$ 227,151</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 12,770	\$ 119,943
Accrued expenses	2,667	2,029
Due to other funds	<u>21,950</u>	<u>13,436</u>
Total liabilities	37,387	135,408
Fund balance:		
Unreserved-undesignated	<u>144,754</u>	<u>91,743</u>
Total liabilities and fund balance	<u>\$ 182,141</u>	<u>\$ 227,151</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 2001
With Comparative Actual Amounts for Year Ended September 30, 2000

	<u>2001</u>			<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Taxes	\$ 370,000	\$ 370,425	\$ 425	\$ 411,570
Interest earned	4,000	5,494	1,494	5,649
Grants	90,000	91,489	1,489	119,096
Miscellaneous	24,000	27,258	3,258	12,762
Total revenues	<u>488,000</u>	<u>494,666</u>	<u>6,666</u>	<u>549,077</u>
Expenditures-highways and streets:				
Personal services	128,000	132,386	(4,386)	157,331
Materials and supplies	40,000	27,410	12,590	11,852
Equipment maintenance	10,000	12,823	(2,823)	16,307
Other services and charges	80,000	100,426	(20,426)	136,785
Capital outlay	170,000	164,346	5,654	167,324
Total expenditures	<u>428,000</u>	<u>437,391</u>	<u>(9,391)</u>	<u>489,599</u>
Excess of revenues over expenditures	60,000	57,275	(2,725)	59,478
Other financing sources (uses):				
Operating transfers out	<u>-</u>	<u>(4,264)</u>	<u>(4,264)</u>	<u>-</u>
Excess of revenues and sources over expenditures and other uses	60,000	53,011	(6,989)	59,478
Fund balance at beginning of year	<u>91,743</u>	<u>91,743</u>	<u>-</u>	<u>32,265</u>
Fund balance at end of year	<u>\$ 151,743</u>	<u>\$ 144,754</u>	<u>\$ (6,989)</u>	<u>\$ 91,743</u>

See notes to financial statements

DEBT SERVICE FUNDS

Public Improvement Refunding Bonds, Series 1993 - to accumulate monies for payment of \$500,000 Public Improvement Bonds, which are serial bonds due in annual installments of \$20,000 to \$70,000, plus interest, until maturity in 2002. Financing is to be provided by transfers from the Sewer Maintenance Fund.

Utility Revenue Refunding Bonds Series 1998 - to accumulate monies for payment of \$1,231,433 Utility Revenue Refunding Bonds Series 1998, which is a single bond due in annual installments of \$43,886 to \$55,484 plus interest, until maturity in 2011. Financing is to be provided from the combined income and revenues to be derived from the operation of the sewer system and the natural gas transmission and distribution system.

CITY OF DEQUINCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
September 30, 2001
With Comparative Totals for September 30, 2000

	Public Improvement Bonds Series ST-2A	Utility Revenue Refunding Bonds Series 1998	Sewer Revenue Bonds of 1997	Totals	
				2001	2000
<u>ASSETS</u>					
Cash:					
Sinking funds	\$ 36,649	\$ 50,377	\$ -	\$ 87,026	\$ 124,248
Reserve funds	7,849	-	-	7,849	17,752
Contingency funds	-	-	-	-	10,618
Due from other funds	-	4,050	-	4,050	-
Prepaid interest	-	38,648	-	38,648	-
Total assets	<u>\$ 44,498</u>	<u>\$ 93,075</u>	<u>\$ -</u>	<u>\$ 137,573</u>	<u>\$ 152,618</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Due to other funds	\$ 4,050	\$ -	\$ -	\$ 4,050	\$ -
Reserved for debt service	<u>40,448</u>	<u>93,075</u>	<u>-</u>	<u>133,523</u>	<u>152,618</u>
Total liabilities and fund balance	<u>\$ 44,498</u>	<u>\$ 93,075</u>	<u>\$ -</u>	<u>\$ 137,573</u>	<u>\$ 152,618</u>

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended September 30, 2001
With Comparative Totals for Year Ended September 30, 2000

	Public Improvement Bonds Series ST-2A	Utility Revenue Refunding Bonds Series 1998	Sewer Revenue Bonds of 1997	Totals	
				2001	2000
Revenues:					
Interest on investments	\$ 1,367	\$ 1,530	\$ -	\$ 2,897	\$ 4,082
Expenditures:					
Principal retirement	65,000	68,720	-	133,720	132,864
Interest and fiscal charges	8,751	82,892	-	91,643	115,288
Total expenditures	73,751	151,612	-	225,363	248,152
(Deficiency) of revenues over expenditures	(72,384)	(150,082)	-	(222,466)	(244,070)
Other financing sources (uses):					
Operating transfers in	73,467	150,647	-	224,114	297,031
Excess of revenues and other sources over expenditures and other uses	1,083	565	-	1,648	52,961
Fund balance at beginning of year	39,365	92,510	20,743	152,618	99,657
Equity transfer to Enterprise Fund	-	-	(20,743)	(20,743)	-
Fund balance at end of year	\$ 40,448	\$ 93,075	\$ -	\$ 133,523	\$ 152,618

See notes to financial statements

CAPITAL PROJECTS FUND

FHA Westside Sewer Treatment - to account for funds received and expenditures made for improvements to Westside sewer treatment facility.

Rail Spur - to account for funds received and expenditures made for construction of a rail spur into the airport.

LCDBG/DED Westside Sewer Treatment - to account for funds received and expenditures made for improvements to Westside sewer treatment facility.

CITY OF DEQUINCY, LOUISIANA
CAPITAL PROJECTS FUND

COMBINING BALANCE SHEET
September 30, 2001

<u>ASSETS</u>	FHA Westside Sewer Treatment	Rail Spur	LCDBG/DED Westside Sewer Treatment	<u>Total</u>
Cash	\$ -	\$ -	\$ -	\$ -
 <u>LIABILITIES AND FUND BALANCE</u>				
Total liabilities and fund balance	\$ -	\$ -	\$ -	\$ -

See notes to financial statements

CITY OF DEQUINCY, LOUISIANA
CAPITAL PROJECTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended September 30, 2001 .

	FHA Westside Sewer <u>Treatment</u>	<u>Rail Spur</u>	LCDBG/DED Westside Sewer <u>Treatment</u>	<u>Total</u>
Revenues:				
Grant income - other	\$ 119,868	\$ 5,670	\$ 3,150	\$ 128,688
Expenditures:				
Capital outlay	<u>124,462</u>	<u>5,754</u>	<u>3,230</u>	<u>133,446</u>
(Deficiency) of revenues over expenditures	(4,594)	(84)	(80)	(4,758)
Fund balance at beginning of year	<u>4,594</u>	<u>84</u>	<u>80</u>	<u>4,758</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

ENTERPRISE FUNDS

Gas Utility Revenue Fund - to account for the provision of gas services to the residents of the City and surrounding immediate area. All activities necessary to provide such services are accounted for in this fund.

Sewer Utility Fund - to account for the provision of sewer services to the residents of the City. All activities necessary to provide these services are accounted for in this fund.

Industrial Airpark Fund - to account for the provision of airpark services. Financing for normal operations and maintenance is provided by the rental of hangars.

Revolving Loan Fund - to account for monies received for the purpose of making loans to qualified businesses.

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
September 30, 2001

<u>ASSETS</u>	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>
Current assets:		
Cash	\$ -	\$ 64,209
Investments	158,808	582,213
Notes receivable, current portion	-	-
Accounts receivable	61,701	47,357
Other assets	27,236	-
Due from other funds	7,500	110,131
Total current assets	<u>255,245</u>	<u>803,910</u>
Restricted assets-cash and investments:		
Customer deposits	<u>98,722</u>	<u>-</u>
Property, plant and equipment:		
Land	11,000	-
Buildings and improvements	1,736	-
Gas distribution system	593,094	-
Autos and trucks	106,468	-
Machinery and equipment	215,752	-
Sewer system	-	3,926,426
	<u>928,050</u>	<u>3,926,426</u>
Less accumulated depreciation	<u>845,326</u>	<u>252,072</u>
Net property, plant and equipment	<u>82,724</u>	<u>3,674,354</u>
Other assets:		
Notes receivable-due after one year	<u>-</u>	<u>-</u>
Total assets	<u>\$ 436,691</u>	<u>\$ 4,478,264</u>

<u>Industrial Airpark Fund</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
\$ 42,629	\$ 53,414	\$ 160,252
207,184	-	948,205
53,796	34,816	88,612
26,875	-	135,933
-	-	27,236
-	-	117,631
<u>330,484</u>	<u>88,230</u>	<u>1,477,869</u>
 -	 -	 98,722
 37,950	 -	 48,950
2,577,791	-	2,579,527
-	-	593,094
-	-	106,468
8,425	-	224,177
-	-	3,926,426
<u>2,624,166</u>	<u>-</u>	<u>7,478,642</u>
<u>1,053,919</u>	<u>-</u>	<u>2,151,317</u>
<u>1,570,247</u>	<u>-</u>	<u>5,327,325</u>
 74,002	 83,391	 157,393
<u>\$ 1,974,733</u>	<u>\$ 171,621</u>	<u>\$ 7,061,309</u>

(continued on next page)

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
September 30, 2001
(Continued)

<u>LIABILITIES AND FUND EQUITY</u>	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>
Liabilities:		
Current liabilities (payable from current assets):		
Notes and bonds payable (due within one year)	\$ -	\$ 15,371
Accounts payable	45,606	12,036
Employees' retirement payable	2,822	-
Other payables	78	1,739
Due to other funds	<u>95,475</u>	<u>-</u>
Total current liabilities (payable from current assets)	143,981	29,146
Current liabilities (payable from restricted assets):		
Customer deposits	98,722	-
Long-term liabilities:		
Notes and bonds payable (due after one year)	<u>-</u>	<u>1,283,356</u>
Total liabilities	<u>242,703</u>	<u>1,312,502</u>
Fund equity:		
Contributed capital	<u>10,417</u>	<u>2,293,224</u>
Retained earnings:		
Reserved for future loans	-	-
Unreserved:		
Designated for capital expenditures	100,000	-
Undesignated	<u>83,571</u>	<u>872,538</u>
Total retained earnings	<u>183,571</u>	<u>872,538</u>
Total fund equity	<u>193,988</u>	<u>3,165,762</u>
Total liabilities and fund equity	<u>\$ 436,691</u>	<u>\$ 4,478,264</u>

See notes to financial statements

<u>Industrial Airpark Fund</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
\$ 45,447	\$ -	\$ 60,818
28,918	-	86,560
-	-	2,822
-	-	1,817
<u>100,000</u>	<u>-</u>	<u>195,475</u>
174,365	-	347,492
-	-	98,722
<u>151,467</u>	<u>-</u>	<u>1,434,823</u>
<u>325,832</u>	<u>-</u>	<u>1,881,037</u>
<u>1,344,577</u>	<u>-</u>	<u>3,648,218</u>
-	171,621	171,621
-	-	100,000
<u>304,324</u>	<u>-</u>	<u>1,260,433</u>
<u>304,324</u>	<u>171,621</u>	<u>1,532,054</u>
<u>1,648,901</u>	<u>171,621</u>	<u>5,180,272</u>
<u>\$ 1,974,733</u>	<u>\$ 171,621</u>	<u>\$ 7,061,309</u>

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended September 30, 2001

	<u>Gas Utility Revenue Fund</u>	<u>Sewer Utility Revenue Fund</u>
Operating revenues:		
Charges for services	\$ 1,503,224	\$ 172,946
Rent	-	-
Taxes	-	370,425
Interest earned	-	-
Total operating revenues	<u>1,503,224</u>	<u>543,371</u>
Operating expenses:		
Personal services	156,199	138,529
Natural gas purchased	1,064,051	-
Materials and supplies	14,488	12,919
Heat, light, and power	11,276	-
Depreciation	33,213	82,912
Bad debts	-	-
Other services and charges	<u>112,634</u>	<u>117,966</u>
Total operating expenses	<u>1,391,861</u>	<u>352,326</u>
Operating income (loss)	<u>111,363</u>	<u>191,045</u>
Nonoperating revenues (expenses):		
Miscellaneous revenues and grants	2,175	132,711
Interest on investments	15,437	36,293
Interest and fiscal charges	<u>-</u>	<u>(58,957)</u>
Total nonoperating revenues (expenses)	<u>17,612</u>	<u>110,047</u>
Income (loss) before operating transfers	<u>128,975</u>	<u>310,092</u>
Transfers:		
Transfers from other funds	-	-
Transfers to other funds	<u>(270,218)</u>	<u>(224,114)</u>
Total transfers	<u>(270,218)</u>	<u>(224,114)</u>
Net income (loss)	(141,243)	76,978
Add current years' depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduces contributed capital	<u>5,000</u>	<u>59,696</u>
Increase (decrease) in retained earnings	(136,243)	136,674
Retained earnings at beginning of year	319,814	-
Equity transfer	<u>-</u>	<u>735,864</u>
Retained earnings at end of year	<u>\$ 183,571</u>	<u>\$ 872,538</u>

See notes to financial statements

<u>Industrial Airpark Fund</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 1,676,170
4,875	-	4,875
60,000	-	430,425
-	6,906	6,906
<u>64,875</u>	<u>6,906</u>	<u>2,118,376</u>
-	-	294,728
-	-	1,064,051
1,408	-	28,815
2,886	-	14,162
75,013	-	191,138
-	47,658	47,658
<u>131,837</u>	<u>316</u>	<u>362,753</u>
<u>211,144</u>	<u>47,974</u>	<u>2,003,305</u>
<u>(146,269)</u>	<u>(41,068)</u>	<u>115,071</u>
163,321	-	298,207
24,642	-	76,372
<u>(11,764)</u>	<u>-</u>	<u>(70,721)</u>
<u>176,199</u>	<u>-</u>	<u>303,858</u>
<u>29,930</u>	<u>(41,068)</u>	<u>418,929</u>
59,940	-	59,940
<u>(41,000)</u>	<u>-</u>	<u>(535,332)</u>
<u>18,940</u>	<u>-</u>	<u>(475,392)</u>
48,870	(41,068)	(56,463)
<u>68,138</u>	<u>-</u>	<u>132,834</u>
117,008	(41,068)	76,371
187,316	212,689	719,819
<u>-</u>	<u>-</u>	<u>735,864</u>
<u>\$ 304,324</u>	<u>\$ 171,621</u>	<u>\$ 1,532,054</u>

CITY OF DEQUINCY, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended September 30, 2001

	Gas Utility Revenue Fund	Sewer Utility Revenue Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 111,363	\$ 191,045
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	33,213	82,912
Amortization of discount on investments	-	-
Unrealized (gain)	-	-
Bad loans written off	-	-
Changes in assets and liabilities:		
(Increase) in accounts receivable	(26,682)	(22,380)
(Increase) in other assets	(27,196)	-
Increase in payables	4,443	5,237
Net cash provided by (used in) operating activities	<u>95,141</u>	<u>256,814</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous revenues and grants	2,175	132,711
Operating transfers in	-	-
Operating transfers out	(270,218)	(224,114)
Advances from (to) other funds	27,688	(38,291)
(Decrease) in customer deposits	<u>(2,772)</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(243,127)</u>	<u>(129,694)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(3,355)	-
Purchase of land	-	-
Interest and fiscal charges paid	-	(58,957)
Note receivable	-	-
Loan made	-	-
Collection on notes	-	-
Payments on notes and revenue bonds	-	(14,695)
Equity transfer	<u>-</u>	<u>21,222</u>
Net cash (used in) capital and related financing activities	<u>(3,355)</u>	<u>(52,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	15,437	36,293
(Increase) decrease in investments	<u>126,001</u>	<u>(46,774)</u>
Net cash provided by (used in) investing activities	<u>141,438</u>	<u>(10,481)</u>
Net increase (decrease) in cash and cash equivalents	(9,903)	64,209
Cash and cash equivalents:		
Beginning of year	<u>108,625</u>	<u>-</u>
End of year	<u>\$ 98,722</u>	<u>\$ 64,209</u>

See notes to financial statements

<u>Industrial Airpark Fund</u>	<u>Revolving Loan Fund</u>	<u>Total</u>
\$ (146,269)	\$ (41,068)	\$ 115,071
75,013	-	191,138
(240)	-	(240)
(7,289)	-	(7,289)
-	47,658	47,658
(26,875)	-	(75,937)
-	-	(27,196)
<u>28,565</u>	<u>-</u>	<u>38,245</u>
<u>(77,095)</u>	<u>6,590</u>	<u>281,450</u>
163,321	-	298,207
59,940	-	59,940
(41,000)	-	(535,332)
100,000	-	89,397
<u>-</u>	<u>-</u>	<u>(2,772)</u>
<u>282,261</u>	<u>-</u>	<u>(90,560)</u>
(5,050)	-	(8,405)
(20,000)	-	(20,000)
(11,764)	-	(70,721)
(144,000)	-	(144,000)
-	(76,530)	(76,530)
16,202	22,028	38,230
(43,139)	-	(57,834)
<u>-</u>	<u>-</u>	<u>21,222</u>
<u>(207,751)</u>	<u>(54,502)</u>	<u>(318,038)</u>
24,642	-	76,372
<u>13,756</u>	<u>-</u>	<u>92,983</u>
<u>38,398</u>	<u>-</u>	<u>169,355</u>
35,813	(47,912)	42,207
<u>6,816</u>	<u>101,326</u>	<u>216,767</u>
<u>\$ 42,629</u>	<u>\$ 53,414</u>	<u>\$ 258,974</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

CITY OF DEQUINCY, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
Year Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Buildings	\$ 621,147	\$ 621,147
Improvements, other than buildings	1,198,749	4,381,047
Equipment	263,166	303,194
Vehicles	570,523	570,523
Construction in progress	<u>-</u>	<u>506,467</u>
Total general fixed assets	<u>\$ 2,653,585</u>	<u>\$ 6,382,378</u>
Investment in general fixed assets:		
Property acquired prior to 11-1-86*	\$ 828,051	\$ 828,051
Property acquired after 11-1-86	<u>1,825,534</u>	<u>5,554,327</u>
Total investment in general fixed assets	<u>\$ 2,653,585</u>	<u>\$ 6,382,378</u>

See notes to financial statements

*Records reflecting source from which assets were acquired were not maintained prior to 11-1-86.

CITY OF DEQUINCY, LOUISIANA

COMPARATIVE STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended September 30, 2001 and 2000

<u>2001</u>	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	Construction <u>in Progress</u>	<u>Total</u>
General fixed assets, beginning of year, as previously stated	\$ 621,147	\$ 4,381,047	\$ 303,194	\$ 570,523	\$ 506,467	\$ 6,382,378
Additions:						
General fund revenue (taxes, franchise revenue)	-	104,215	6,972	-	-	111,187
Grants	-	-	-	-	133,446	133,446
Reductions:						
Assets sold	-	-	(47,000)	-	-	(47,000)
Transfer to completed projects	-	5,754	-	-	(5,754)	-
Transfer to Sewer Utility Fund	-	(3,292,267)	-	-	(634,159)	(3,926,426)
General fixed assets, end of year	<u>\$ 621,147</u>	<u>\$ 1,198,749</u>	<u>\$ 263,166</u>	<u>\$ 570,523</u>	<u>\$ -</u>	<u>\$ 2,653,585</u>
<u>2000</u>						
General fixed assets, beginning of year, as previously stated	\$ 621,147	\$ 3,783,228	\$ 221,655	\$ 546,977	\$ 634,488	\$ 5,807,495
Additions:						
General fund revenue (taxes, franchise revenue)	-	597,819	81,539	23,546	-	702,904
Grants	-	-	-	-	457,697	457,697
Reductions:						
Transfer to completed projects	-	-	-	-	(585,718)	(585,718)
General fixed assets, end of year	<u>\$ 621,147</u>	<u>\$ 4,381,047</u>	<u>\$ 303,194</u>	<u>\$ 570,523</u>	<u>\$ 506,467</u>	<u>\$ 6,382,378</u>

See notes to financial statements

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds (except special assessment funds). Payment of maturing obligations, including interest, are accounted for in the debt service funds.

CITY OF DEQUINCY, LOUISIANA

STATEMENT OF GENERAL LONG-TERM DEBT
Year Ended September 30, 2001

	Public Improvement Bonds Series <u>ST-2A</u>	Utility Revenue Bonds	<u>Total</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL DEBT			
Serial bonds:			
Amount available in Debt Service Funds	\$ 44,498	\$ 93,075	\$ 137,573
Amount to be provided-sales tax, gas revenue and general revenue	<u>25,502</u>	<u>963,636</u>	<u>989,138</u>
Total available and to be provided	<u>\$ 70,000</u>	<u>\$ 1,056,711</u>	<u>\$ 1,126,711</u>
GENERAL LONG-TERM DEBT PAYABLE			
Serial bonds payable:			
Sales tax bonds	\$ 70,000	\$ -	\$ 70,000
Sewer maintenance and gas commission revenue bonds	<u>-</u>	<u>1,056,711</u>	<u>1,056,711</u>
Total long-term debt payable	<u>\$ 70,000</u>	<u>\$ 1,056,711</u>	<u>\$ 1,126,711</u>

See notes to financial statements

COMPLIANCE, INTERNAL CONTROL REPORTS

McELROY, QUIRK & BURCH

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CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of DeQuincy
DeQuincy, Louisiana

We have audited the financial statements of the City of DeQuincy, Louisiana as of and for the year ended September 30, 2001, and have issued our report thereon dated November 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Compliance

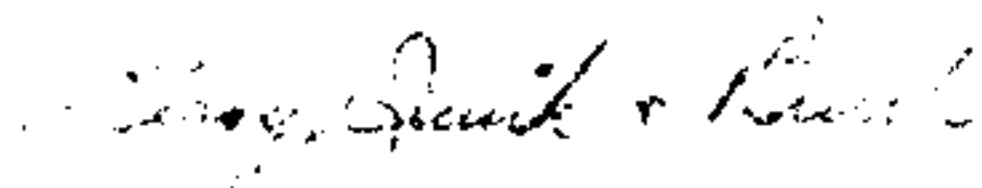
As part of obtaining reasonable assurance about whether the City of DeQuincy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of DeQuincy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of DeQuincy's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider item 01-1 to be a material weakness.

This report is intended for the information of the City, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.



Lake Charles, Louisiana
November 13, 2001

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2001

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified
Internal control over financial reporting:
Material weakness identified? ☐ Yes ☒ No
Reportable condition identified not considered
to be material weakness? ☒ Yes ☐ None reported
Noncompliance material to financial statements
noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:
Material weakness identified? ☐ Yes ☒ No
Reportable condition identified not considered
to be material weakness? ☐ Yes ☒ None reported
Type of auditor's report issued on compliance
for major programs: Unqualified
Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section .510(a)? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	RUS - Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000
Auditee qualified as low-risk auditee? ☐ Yes ☒ No

(continued on next page)

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2001
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

01-1 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

CITY OF DEQUINCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2001
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CITY OF DEQUINCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended September 30, 2001

00-1 Budget Violation

Condition: This finding was a reportable condition relating to the violation of state budget law.

Recommendation: To review the budget on a regular basis and amend accordingly.

Current status: We noted no budget violations during the fiscal year ended September 30, 2001.

00-2 Inadequate Segregation of Duties

Condition: This finding was a reportable condition relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

Recommendation: Since increasing staff size would not be cost effective, the auditor recommended that the City's management mitigate this weakness by its supervision and review procedures.

Current status: The condition still exists, however, it has been mitigated by the review procedures.